

Become An Intelligent Investor

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Today's Class

- Recap of Week 2
 - How to Screen Stocks
 - Who to Invest With
 - Finding an Edge – Informational, Analytical, Behavioral
 - Important Metrics
 - Valuation Part 1
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Week 2 Recap

- Porter's Five Forces
 - Competitive Advantages
 - Barrier To Entry
 - Commodity vs. Specialized Product
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Week 2 Recap - Definitions

- D/E Ratio
 - Working Capital
 - Enterprise Value
 - Free Cash Flow
 - EBITDA
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Simple Value and Growth Screens

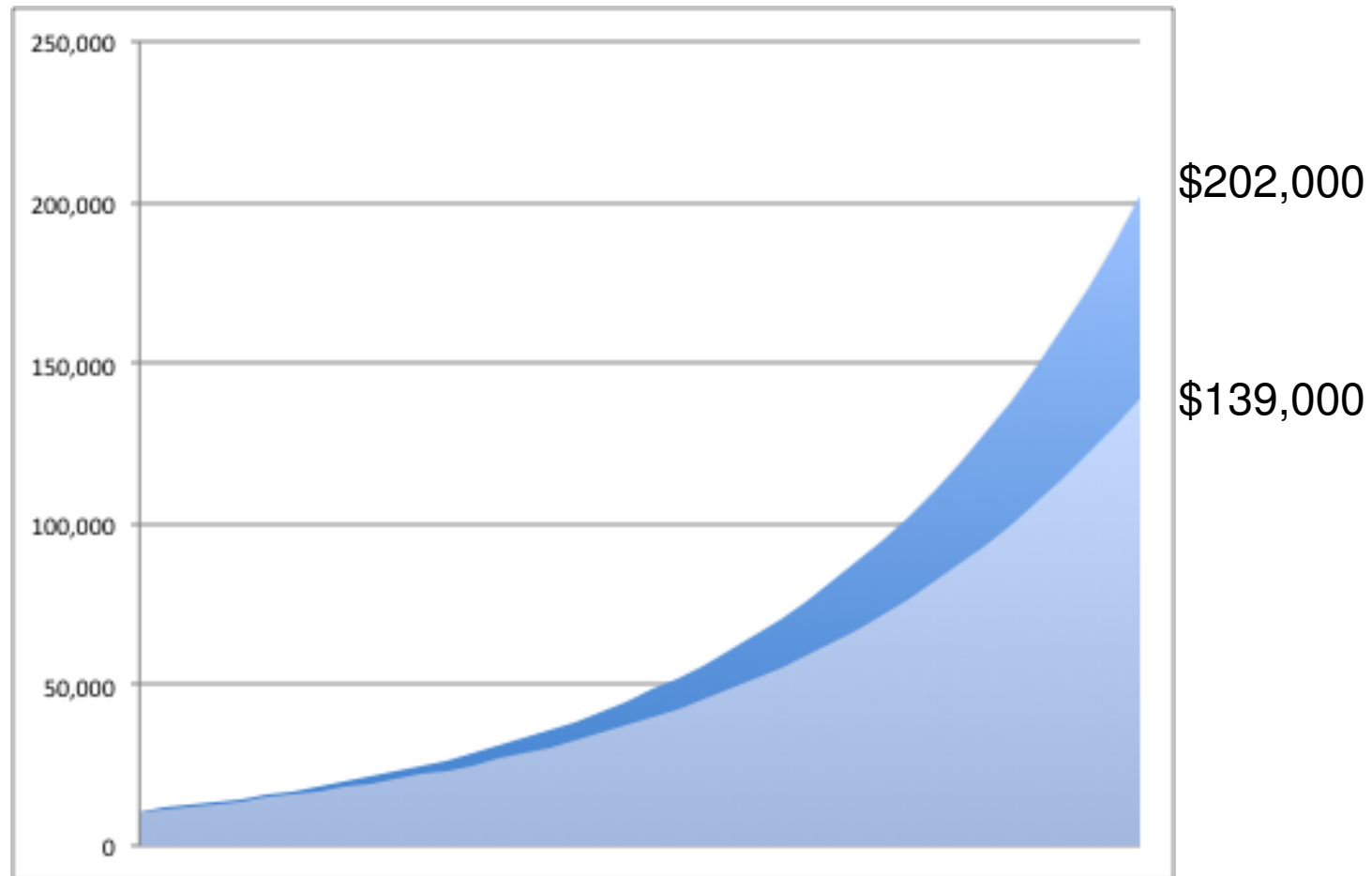
- Screening Stocks: <http://finviz.com/>
 - More Advanced Screener - Sceener.co
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Exchange Traded Fund Advantages vs. Mutual Funds

1. Better Performance
2. More Diversified
3. Tax Advantages – When in Taxable Accounts

Category	Comparison index	Mutual Funds underperforming indeces
Large-cap	S&P 500	71.37%
Mid-cap	S&P MidCap 400	88.35%
Small-cap	S&P SmallCap 600	80.18%
International	S&P 700	73.65%

ETFs Grow Your Money Faster

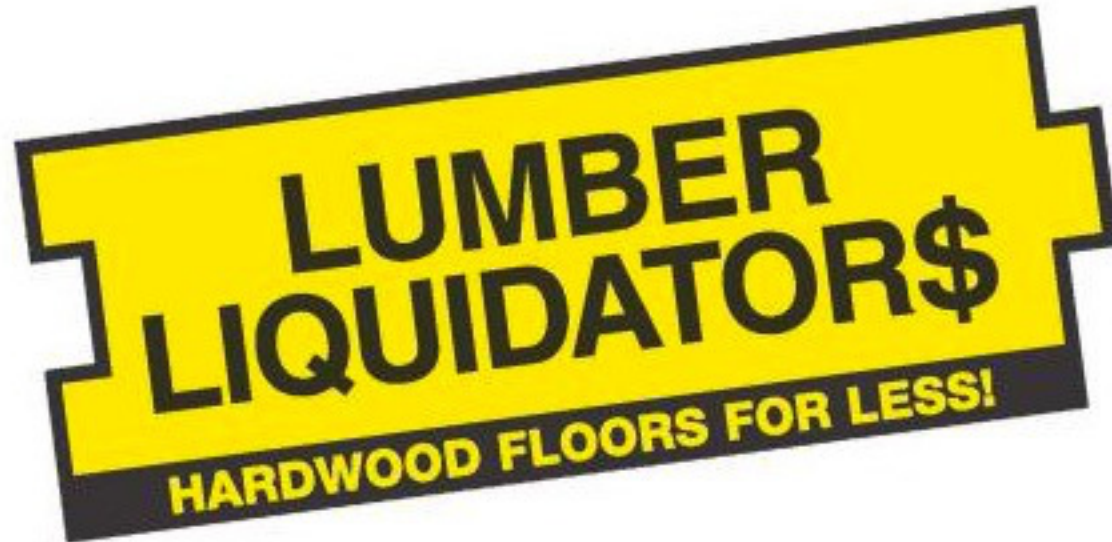


A 1% difference in either fees or returns per year leads to a 45% difference in savings over 40 years

Choosing An Advisor

- 1.) If You Feel Comfortable, Do It Yourself
 - 2.) Robo Advisors, Betterment and WealthFront
 - 3.) Fee Only Advisors
 - 4.) Commission Advisors (Most Advisors) = Worst Option
(High Wrap-fee Advisors Fall in This Category)
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Informational Advantage



Behavioral Advantage



Analytical Advantage



Operating Metrics

- Return on Assets
 - Return on Equity
 - Return on Invested Capital ROIC
 - Margins, Net & Gross
 - Inventory Turnover, Receivables Turnover
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Valuation Metrics

- Price/Sales
 - Price/Equity
 - Price/Tangible Book Value
 - PEG Ratio
 - EV/EBITDA
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Valuation Introduction

- Liquidation Value
 - Discounted Cash-Flow Value
 - Precedent Transactions
 - Peer Comparisons
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Q&A

